



Three Common Retirement Planning Mistakes (and how to overcome them)

One key to a successful retirement is developing the conviction and discipline that is necessary to set aside enough money for your financial future. On the path to a secure future, many people will make a detour.

Kevin, Stacy and Maria's stories show three common retirement planning mistakes. If any of them sound like you, don't despair—it's not too late to get back on the path toward retirement reality.

Kevin Wastes away precious years without starting a serious savings plan.

FAVORITE QUOTE: "Retirement? I haven't even bought my first house yet. I'm too young to start thinking about that stuff!"

When it comes to retirement planning, time is money. Kevin's attitude toward saving for retirement shows that he does not fully understand the cost of waiting. By not joining his Plan today (or increasing his current contribution), he is depriving himself of some serious potential savings over the long term.

Stacy Squanders away money that could be used to save for retirement.

FAVORITE QUOTE: "Since I don't have any extra money, there's no point in increasing my contribution."

Here are some ways Stacy might find some extra money:

- Take the bus rather than driving to work.
- Send in rebate cards instead of tossing them.
- Wait for sales before buying clothes.
- Subscribe only to newspapers and magazines that she'll actually read.
- Bring lunch to work—even one day a week.

- Pay only for phone services she'll use or really needs.
- Cancel credit cards that charge an annual fee.
- Use a gift certificate before it expires.
- Buy generic instead of name brands at the grocery store.

No More Excuses

If you're like Stacy, try keeping a spending diary for at least three months. Tracking your daily spending can help you figure out where all your dollars are disappearing. A video or a lunch out here or there may not seem like a lot, but the expense adds up over time. When you see how you're spending your money each month, you can start to make a budget. A budget will help you set spending limits for yourself.

Maria Assumes that Social Security will cover her retirement income needs.

FAVORITE QUOTE: "What's the big deal about saving for retirement? Isn't that what Social Security is for?"

Social Security is intended to provide only a minimum level of retirement income to go toward covering the basic necessities of food and shelter. It was never intended to be your only source of retirement income. The rest will be up to you!

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The Longer You Wait, the More It Can Cost You

Look at the cost of waiting just one, two, or three years to start saving for retirement (assumes a 25-year old making monthly personal contributions of \$100):

Starting Age	Total Contributions by Age 67	Account Value at Age 67	Cost of Waiting ...		
			1 Year	2 Years	3 Years
25 (now)	\$50,400	\$414,796			
26 (in 1 year)	\$49,200	\$381,850	\$32,946		
27 (in 2 years)	\$48,000	\$351,428		\$63,368	
28 (in 3 years)	\$46,800	\$323,338			\$91,458

Hypothetical Illustration. Intended to show how the number of years invested in a Plan could affect participant account values. Not intended to depict the performance of any particular security or investment plan. Assumes monthly contributions of \$100, an annual 8% hypothetical rate of return compounded monthly, retirement at age 67, and no withdrawals.

Crisis Management

During tough economic times, a hardship withdrawal from your Defined Contribution Program should be considered only as a last resort.

Most of us will likely be faced with a financial crisis at some point in our lives. During these tough economic times you may be tempted to tap into your financial future—by taking what is known as a **hardship** or **unforeseeable emergency withdrawal** from your Defined Contribution Program.

Generally, financial hardship or unforeseeable emergency withdrawals may be permitted for the following reasons:

- Prevent foreclosure or eviction from your primary residence.
- Pay unreimbursed medical expenses for you or your dependents.
- Pay funeral expenses for a family member.
- Pay for losses associated with casualty to property.

The County of Orange takes its responsibility to protect the tax-deferred status of the program very seriously. If the County allowed distributions for other than well-documented cases of current, severe and unforeseeable emergency, the Program would lose its tax deferred status and all participants would have to pay taxes immediately on their account balances.

If you apply for a hardship, you must provide enough documentation to prove you have had a financial emergency as defined in the IRS Code or your application will be denied, in whole or in part.

If your application is approved, your withdrawal will be limited to the amount reasonably necessary to satisfy the emergency need, which may include the amount necessary to pay applicable taxes.

Remember that although a withdrawal may be unavoidable under certain circumstances, in most cases you'll be short-changing your financial future.

The True Cost of Tapping Your Nest Egg

Suppose you need to take a \$10,000 hardship withdrawal to get you through a tough financial period. In addition, suppose you and your spouse file a joint tax return, and together you earn \$50,000 which puts you in the 27% federal income tax bracket for 2003.

If you take the \$10,000 withdrawal, you will owe \$2,700 in federal income taxes. You'll be left with a net amount of only \$7,300.

That's only 73 cents on the dollar—even less after you pay any state or local income taxes.

Three Retirement Planning Mistakes

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Check out the table below to get a rough estimate of what a 35-year-old today might expect in Social Security benefits, based on current pay and retiring at full retirement age (age 67):

Average Annual Pay	Approximate Annual Benefit	Percentage of Annual Pay Replaced by Social Security
\$20,000	\$10,560	53%
\$40,000	\$16,908	42%
\$60,000	\$20,592	34%
\$80,000	\$23,568	30%
\$100,000	\$24,348	25%

Social Security

Visit the Social Security Administration Web site at: www.socialsecurity.gov/retire2/calculators.htm. This online Quick Calculator can help you estimate your benefits based on your current age and salary. If you don't have access to a computer or the Internet, you can use a computer at your local library to access the Internet. Most libraries offer Internet user classes for beginners.

a) Enter Your Current Age:

b) Enter Your Current Salary:

\$

c) Enter monthly estimated benefit amount from Quick Calculator:

\$

x 12

d) Multiply monthly benefit by 12 to get annual benefit:

\$

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e) Divide D by B to get estimated amount of your current income that would be replaced by Social Security during retirement:

%

Have Questions? Need Information?

Web site: www.benefitscorp.com/countyoforange

KeyTalk®: Toll-free (866) 457-2254

Access to KeyTalk® and the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance, or other reasons.

Upcoming Seminars

BenefitsCorp and your County of Orange Defined Contribution Program offer a variety of educational seminars on financial topics throughout the year. They are meant to provide you with a broad-based understanding of your plan and increase your knowledge of investment terms and concepts from the most basic to quite advanced. They also provide you with the necessary tools to manage your account in a manner which promotes long-term financial security. Each quarter will feature two different seminar topics — for a current schedule or directions, log on to www.benefitscorp.com/countyoforange and click on the seminar link. During July, August, and September the following seminars will be offered:

Ready to Retire: Understanding Your Distribution Options

We'll discuss important issues including matching your retirement income needs with an appropriate distribution option and evaluating tax alternatives. We'll provide an overview of what your options are for payout of your account assets when you retire. Topics include your retirement timeline, minimum distribution rules, and taxes.

Date/Time	Location
Tues., Jul 29 12:15 - 1:15 pm	Harbor Justice Center 30143 Crown Valley Parkway Room TBD Laguna Niguel
Wed., Aug 6 12 - 1pm	SSA 1505 E. Warner Room 109-110 Santa Ana
Tues., Aug 19 12 - 1p pm	PFRD 300 N. Flower Room B10 Santa Ana
Wed., Aug 20 12 - 1pm	County Executive Office Hall of Administration 10 Civic Center Plaza Board Hearing Room Santa Ana
Tues, Sept 9 12 - 1 pm	Anaheim Regional Center 3320 E. La Palma Ave. 2nd Floor Conference Room Anaheim
Thur., Sept 18 12 - 1 pm	SSA 744 N. Eckhoff Annex Auditorium Orange

Meet the Fund Representative: Value Investing

Come meet a fund company representative and hear a brief presentation on value investing philosophy and management strategy behind it. The representative will provide an economic outlook and reserve time for questions and answers.

Date/Time	Location
Thur., Sept 11 12 - 1pm	County Executive Office 10 Civic Center Plaza Board Hearing Room Santa Ana
Fri., Sept 12 12 - 1pm	County Executive Office Hall of Administration 10 Civic Center Plaza Room 214-216 Santa Ana

Meet the Fund Representative: Growth Investing

Come meet a fund company representative and hear a brief presentation on growth investing philosophy and management strategy behind it. The representative will provide an economic outlook and reserve time for questions and answers.

Date/Time	Location
Thur., Aug 14 12 - 1pm	County Executive Office Hall of Administration 10 Civic Center Plaza Board Hearing Room Santa Ana
Fri., Aug 15 12 - 1pm	County Executive Office Hall of Administration 10 Civic Center Plaza Board Hearing Room Santa Ana

Retirement In Sight



Keeping Your Guard Up

Retirement will mean many things to many people: financial freedom; travel; volunteer work or a second career. With so much to see and experience during this stage of life, who wants to worry about something like identity theft?

Identity theft occurs when someone pretends to be you and uses your personal financial information when applying for loans, credit cards, leases and other financial products and services. The thief takes advantage of your good credit record, leaving behind bad credit in your name. According to the Federal Trade Commission, losses to consumers and institutions due to identity theft approach nearly \$1 billion each year, and one out of every 50 Americans have been victimized.

It's important to understand some of the ways that identity thieves can get your personal information:

- Stealing your wallet or purse.
- Stealing your mail, such as bank statements and pre-approved credit card applications.
- Posing as your employer, loan officer, or landlord to get your credit report.
- Watching your transactions at automated teller machines and phone booths to capture your Personal Identification Number (PIN).
- Going through your trash for credit card receipts or loan applications.

While it's impossible to totally prevent becoming a victim of identity theft, there are ways to make it more difficult for a thief to target you. Tips to help prevent identity theft include:

- Don't give out your Social Security number.
- Get a copy of your credit report(s) at least once a year to check for errors.
- Monitor credit card bills for unfamiliar charges.
- Buy a paper shredder and shred all papers before throwing them in the garbage.
- Don't carry extra credit cards or checks.
- Don't print your Social Security number on your checks.
- Don't give out your credit card numbers to strangers.
- Don't give out personal information over the phone unless you initiate the call.
- Use a name other than your mother's maiden name as security on your credit card accounts.
- Guard your identity as you would any other valuable asset.

Check out the following resources for more information on identity theft:

Federal Trade Commission. The FTC maintains the federal government's Web site on identity theft. You can visit <http://www.consumer.gov/idtheft> to learn how identity thieves work and to find help if you are victimized. The FTC also has a hotline for victims to report identity theft and receive assistance. Call (877) ID-THEFT

Social Security Administration. Identity theft frequently includes misuse of your Social Security number. The Social Security Administration has a fraud hotline to help victims. Call (800) 269-0271 or download more information from the following Web site: www.ssa.gov/pubs/idtheft.htm

Identity Theft Survival Kit. Mari Frank, an identity theft victim, wrote and prepared "The Identity Theft Survival Kit," which has form letters and instructions on how to fight identity theft. The complete package contains a book, computer diskette with form letters, and audiocassette tapes of interviews with experts. You can order the kit online at www.identitytheft.org or by writing to: Porpoise Press, Inc., 28202 Cabot Road, Suite 215, Laguna Niguel, CA. 92677.

Online File Cabinetsm Your E-Delivery Resource

BenefitsCorp is pleased to announce Online File Cabinet.sm This new feature will allow you to access, view and print your quarterly account statements online. Here's how it works:

- 1) Your statement is first posted to the Online File Cabinetsm
- 2) You will be notified by email that your statement is ready to view
- 3) You then link from the e-mail to the secure Web site where you can view or print your statement
- 4) Statements are stored for up to 18 months - so you'll be able to access them at your convenience.

Online File Cabinetsm will allow you to access other important documents as well - including prospectuses, transfer confirmations, annual reports, new service announcements and all other offered documents

To sign up for this service, log into your account and choose the "File Cabinet" button at the top of the page.

Click the "Get Started" button and follow the rest of the instructions.

Securities, when offered, are offered by BenefitsCorp Equities, Inc., a wholly owned subsidiary of Great-West Life & Annuity Insurance Company. For more information about available investment options, including fees and expenses, you may obtain applicable prospectuses and/or disclosure documents from your registered representative. Read them carefully before investing. Not for use in New York. Form# CB1001FF 07/15/03